

VZCZCXRO2959

PP RUEHFK RUEHKSO RUEHNAG RUEHNH
DE RUEHKO #0882/01 0520148

ZNR UUUUU ZZH

P 210148Z FEB 06

FM AMEMBASSY TOKYO

TO RUEHC/SECSTATE WASHDC PRIORITY 8805

INFO RUEKJCS/SECDEF WASHDC PRIORITY

RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY

RUEAWJA/USDOJ WASHDC PRIORITY

RULSDMK/USDOT WASHDC PRIORITY

RUCPDOC/USDOC WASHDC PRIORITY

RUEAIIA/CIA WASHDC PRIORITY

RUEKJCS/JOINT STAFF WASHDC//J5//

RHHMUNA/HQ USPACOM HONOLULU HI

RHHMHBA/COMPACFLT PEARL HARBOR HI

RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA//

RHMFIUU/COMUSJAPAN YOKOTA AB JA//J5/J021//

RUYNAAAC/COMNAVFORJAPAN YOKOSUKA JA

RUAYJAA/COMPATWING ONE KAMI SEYA JA

RUEHNH/AMCONSUL NAHA 7347

RUEHFK/AMCONSUL FUKUOKA 4702

RUEHOK/AMCONSUL OSAKA KOBE 7789

RUEHNAG/AMCONSUL NAGOYA 4771

RUEHKSO/AMCONSUL SAPPORO 5900

RUEHBJ/AMEMBASSY BEIJING 0684

RUEHUL/AMEMBASSY SEOUL 6878

RUCNDT/USMISSION USUN NEW YORK 8927

UNCLAS SECTION 01 OF 18 TOKYO 000882

SIPDIS

SIPDIS

DEPT FOR E, P, EB, EAP/J, EAP/P, EAP/PD, PA;
WHITE HOUSE/NSC/NEC; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST
DIVISION; TREASURY/OASIA/IMI/JAPAN; DEPT PASS USTR/PUBLIC AFFAIRS
OFFICE; SECDEF FOR JCS-J-5/JAPAN,
DASD/ISA/EAPR/JAPAN; DEPT PASS ELECTRONICALLY TO USDA
FAS/ITP FOR SCHROETER; PACOM HONOLULU FOR PUBLIC DIPLOMACY
ADVISOR; CINCPAC FLT/PA/ COMNAVFORJAPAN/PA.

E.O. 12958: N/A

TAGS: [OIIP](#) [KMDR](#) [KPAO](#) [PGOV](#) [PINR](#) [ECON](#) [ELAB](#) [JA](#)

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 02/21/06

Index:

- 1) Top headlines
- 2) Editorials
- 3) Prime Minister's daily schedule

USDA report on ineligible beef shipment:

- 4) USDA report: human error the cause of ineligible beef shipment, incident was unique
- 5) US Ambassador Schieffer seeks consumer understanding that US resolved to honor beef agreement
- 6) Schieffer at news conference seeks early resumption of US beef imports, rules out blanket testing
- 7) Japanese company ordered veal with backbones from US supplier and got exactly what was ordered: USDA report
- 8) USDA report states that cause of cases of cattle unable to walk was injury
- 9) Resumption of US beef imports may not come until summer or later due to deep distrust of US safety procedures
- 10) US report on beef import incident not likely to allay Japan's distrust of US system
- 11) Government to go slow on US beef import resumption, sandwiched between US and domestic opinion
- 12) Government plans to make detailed inspections of all Japan-bound meat plants before considering resumption of beef imports
- 13) Prime Minister Koizumi says it will be "difficult" to restart beef imports soon
- 14) Koizumi taking cautious approach to beef issue, mindful of strong public views toward food safety

- 15) Minshuto Secretary General Hatoyama, citing cross contamination of BSE-tainted meat-and-bone feed, says "US beef imports must be avoided"
- 16) Chief Cabinet Secretary Abe, unsatisfied with USDA report, wants Japan to make detailed investigation
- 17) US Senators unhappy with new beef ban, see retaliation as option
- 18) USDA system to inform meat industry of Japan export standards is flawed

Defense issues:

- 19) Yokosuka sailor nabbed after curfew by local police for running off without paying hefty cab fare
- 20) Yokosuka sailor nabbed by local police for beating up and injuring game center clerk after losing game
- 21) Government to seek loan formula to pay for relocating US Marines to Guam
- 22) GSDF to leave personnel in Baghdad for liaison and coordination after main troops withdrawn
- 23) LDP policy research chief Hidemao Nakagawa, leading delegation to Beijing, gets official tongue-lashing for Koizumi's Yasukuni Shrine visits
- 24) Hoping to avoid UN sanctions against Iran, Tokyo urge Teheran to accept Russia's plan to resolve nuclear dispute

Political merry-go-round:

- 25) Koizumi cabinet support rate slips 2 points to 43%, non-support gaining with 41% in Asahi poll; 71% feel pangs of "income disparity"
- 26) Prime Minister Koizumi rebuts poll findings about popular perception of income disparity

TOKYO 00000882 002 OF 018

- 27) Minshuto charges in Diet of alleged smoking-gun e-mail from Livedoor's Horie promising 30 million yen to LDP Takebe's son has run out of steam, but evidence promised at party heads' debate on Feb. 23
- 28) Takebe wants bank accounts opened to clear up charges against his son

Articles:

1) TOP HEADLINES

Asahi:
Investigation over bid rigging shocks contractors

Mainichi:
Contractors accepting retired officials won 82% of Defense Facilities Administration Agency's project orders

Yomiuri:
Home sellers face mandatory liability insurance

Nihon Keizai:
Real estate firms to raise office rents for first time in five years

Sankei:
China's intrusions into Japan's air space rapidly increasing

Tokyo Shimbun:
Poll of US senators: If Japan's ban on US beef imports is prolonged, US should impose retaliatory measures

2) EDITORIALS

Asahi:
(1) DFAA bid-rigging scandal: Eliminate amakudari
(2) Diagnosis of fertile eggs: Strict rules necessary

Mainichi:
(1) Landslide on Leyte Island
(2) Sell-off of government assets: Effective, but not a silver

bullet

Yomiuri:

- (1) Grand realignment of steel makers: Time to consider measures against takeover bids
- (2) Japanese boom: We should appreciate sensitivity to language

Nihon Keizai:

- (1) Privatization of government-run services should be accelerated via market testing bills
- (2) Israel should aim for co-existence with Hamas government

Sankei:

- (1) Do not allow Asahara trial to be delayed further
- (2) Bureaucrat-orchestrated bid-rigging: Severe punishments needed

Tokyo Shimbun:

- (1) Landslide on Leyte Island: Sharing disaster prevention information
- (2) US BSE report: It is too early to resume US beef imports

TOKYO 00000882 003 OF 018

3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, February 20

NIHON KEIZAI (Page 2) (Full)
February 21, 2006

11:02

Arrived at the Prime Minister's Official Residence (Kantei)

15:08

Met with Agriculture Minister Nakagawa. Chief Cabinet Secretary Abe was present.

16:28

Met with Economy, Trade, and Industry Minister Nikai.

17:02

LDP executive meeting in the Diet building.

17:23

Arrived at the Kantei.

18:09

Wedding ceremony for Lower House member Yoshitaka Shindo held at Imperial Hotel.

19:04

Had a haircut at Barber Muragi at Capitol Tokyu Hotel.

20:07

Arrived at official residence.

4) USDA report on beef issue concludes human error mixed backbones with beef shipment to Japan; Seen as unique incident

ASAHI (Top play) (Abridged)
February 18, 2006

The US Department of Agriculture on Feb. 17 issued an investigative report, which was presented to the Japanese government, regarding a shipment of US beef exported from the US to Japan discovered to contain backbones, a specified risk material (SRM) in which BSE prions can easily accumulate. The report in referring to the cause of the contaminated shipment, stated: "Neither the meat company nor the meat inspector was fully familiar with special products," characterizing the incident as human error. It was revealed that the problem facility had shipped internal organs with the beef that it did not have an export license for. Although 15 measures for preventing a re-occurrence were incorporated in the report, such previously announced ones as retraining inspectors stood out. But

the clarification of the cause and the countermeasures were lacking in new contents that would lead to rebuilding consumer confidence.

Internal organs shipped without permission

The Japanese government issued a comment that having received the report, Agriculture Minister Nakagawa and Health Minister Kawasaki would now both carefully study its contents with an eye

TOKYO 00000882 004 OF 018

on how deliberations would go in the Diet on the fiscal 2006 budget draft. The thinking is to continue to study the report, taking time regarding setting a timetable for resumption of imports

The Japanese government, upon discovering the contaminated shipment on Jan. 20 re-imposed the ban on imported US beef. At a news conference, USDA Secretary Johanns said, "I hope it will not be too long before beef trade is resumed," indicating his expectation for an early lifting of the ban.

5) US Ambassador seeks understanding of consumers that US resolved to honor beef agreement

ASAHI (Page 1) (Full)
February 18, 2006

US Ambassador to Japan Schieffer held a news conference at the US Embassy on the evening of Feb. 17 to explain the US Department of Agriculture (USDA) report, just released, on the cause of a shipment of US beef bound for Japan containing backbones, which are required to be removed. The report also contained measures to prevent a reoccurrence of such incidents. He made this statement: "We take seriously the anxiety of Japanese consumers, and we hope to be able to obtain their understanding of our resolve to honor the US-Japan agreement when exports of beef to Japan resume."

6) US Ambassador to Japan Schieffer at news conference seeks early resumption of US beef imports; US will not respond to blanket cattle inspections

NIHON KEIZAI (Page 5) (Full)
February 18, 2006

US Ambassador to Japan Schieffer last evening met with the press after presenting the report on the BSE issue to the Japanese government, and he expressed once more his regret that specified risk material (SRM) was found in a shipment of US beef bound for Japan.

However, he again stressed that the US would not respond to the Japanese side's request for blanket inspections of US cattle. He sought an early resumption of beef imports, stating, "Scientifically-based inspections are being carried out."

The Ambassador apologized, stating, "I am extremely sorry." He then said, "We have introduced 15 measures, based on scientific research, to prevent a reoccurrence." Regarding the cause of the problem, he pointed out that the US inspector and the supplier "did not have sufficient understanding of export items bound for Japan." He admitted that within the government, "there was confusion, stemming from a misunderstanding, and a lack of communication."

7) Beef with backbones ordered by Japanese importer, who did not realize such was a violation of Japan-US beef trade agreement, according to USDA report

ASAHI (Page 1) (Full)
February 19, 2006

TOKYO 00000882 005 OF 018

By Yuichi Hirose in Washington

In the case of backbones, a specified risk material (SRA) having been included in a US beef shipment to Japan, it was learned from an investigative report released by the US Department of Agriculture (USDA) on Feb. 17 that the meat was shipped as ordered by a Japanese importer. Although this incident exposed sloppiness in the US inspection system, it also showed a lack of awareness of the agreement on the Japanese side, as well.

According to the report, the Japanese company ordered veal that included backbones and tongues, etc., on Dec. 27, just after the import ban was lifted. After that, it cancelled the order of veal bones previously ordered "in order to avoid confusion during customs clearance."

In his news conference on Feb. 17, USDA Secretary Johanns made this remark about the exported beef having been ordered by the Japanese company: "We are not saying that we are complaining about who (should bear responsibility). It was our responsibility to confirm that what was being shipped conformed to the US-Japan agreement."

8) USDA in report presented to Japan states that cause of cases of cattle unable to walk was injury

MAINICHI (Page 2) (Full)
February 18, 2006

By Shun Kimura in Washington

The US Department of Agriculture in a report presented to the Japanese government addressed the cases of downer cattle (animals unable to walk), which is seen as a sign of BSE infection, having been slaughtered without the cause being determined, as well as countermeasures to prevent reoccurrences of violations of the requirement to remove specified risk materials (SRM) (from carcasses). The Japanese government asked for the report to include that in addition to the issue of SRM mixed in with the beef shipment. The report explains, "We have already dealt with that issue," and, "The cause of the downer cattle was injury," and, "Inspection reached the conclusion that there was no proof that risk materials were released into the food chain." But although USDA stressed the safety of US beef, there was no change made to the slipshod system, and so it will not be so simple to dissolve the distrust of Japanese consumers.

The report explained, "All 29 downer cattle processed for food (including 20 whose cause was unknown) were suddenly injured badly after having passed inspection." These cows were specially tagged, it was revealed.

9) Resumption of US beef imports may not come until the summer or later as Japanese government implements study filled with deep distrust toward America

NIHON KEIZAI (Page 5) (Full)
February 18, 2006

The government, having received the inspection report from the US Department of Agriculture will not implement its own study of conditions for the resumption of US beef imports and other

TOKYO 00000882 006 OF 018

factors. However, there remains deep-seated distrust of the US-side's slipshod export controls, and the likelihood has arisen of a major clash between the ruling and opposition parties occurring over this in the Diet. The view has also emerged that "resumption of imports will probably not come until the summer or later after the Diet session ends," according to an informed source, brought about by a high-level political decision that weighs such factors as Japan-US relations and public opinion.

The government, after carefully studying the report from the US, will start negotiating with the US on import conditions and

working on such efforts as prior inspections by the Japanese side. There are 37 meat-processing plants in the US that are allowed to export beef to Japan. Among them, 11 were inspected last December after the import ban was lifted. There is a view in the ruling camp that only the facilities that were inspected should be allowed to export to Japan. The ministries of health and agriculture will soon dispatch a fact-finding mission composed of several experts. They apparently will need about a month or so to negotiate with the US side and physically inspect the procedures, such as meat inspection.

However, within the ruling camp, the overwhelming view, according to one senior official, is that "although the US government's measures to prevent a reoccurrence are set, it is not that simple a situation that this will serve to restart imports." The opposition camp is set to pursue the responsibility of the government for resuming imports last year, and the likelihood is that the beef issue will continue to fester in the Diet session.

Junko Takaya, representative of the civic group "BSE Network," issued this request: "Consumers will never get rid of their anxiety by stopgap preventive measures. We do not want the government to compromise on its requests of the US; they must place the safety of the nation first." Since it is feared that an early removal of the import ban will bring about consumer criticism, the government, too, has judged that it needs to carefully study the situation.

On the other hand, the US seems to be about to step up its pressure on Japan for an early resumption of imports, using the report just presented as the opportunity. The view that is strong in the US is that the Japanese government overreacted to a mistake at one facility by stopping all imports.

The US trade deficit with Japan in goods set a new record high in 2005, after five years of moderation. It is conceivable that the beef issue will set off voices calling for protectionist measures. If the Japanese government drags out a political decision, negative reactions can be expected from the US, and the Japanese government would find coordinating a resolution difficult.

One aide to the Prime Minister warned: "There is good reason to worry about the issue of resuming US beef imports setting off a new trade dispute with the US." With the Prime Minister coordinating a visit to the US this spring of so, there is a possibility of the timing of his trip to the US and the like having a delicate impact of the issue.

10) US presents report on beef import incident but Japan's distrust of US system only increases; New error raises doubts

TOKYO 00000882 007 OF 018

about early resumption of beef imports

YOMIURI (Page 9) (Abridged)
February 20, 2006

The report on BSE countermeasures issued by the US Department of Agriculture (USDA) on Feb. 17 completely admitted the US erred in shipping beef to Japan containing specified risk materials (SRM) and it included 15 measures to prevent a reoccurrence. The report's contents aim to spur the Japanese government to take procedures to resume imports of US beef. However, the report also reveals a new incident of miscellaneous meats including internal organs that might have contained SRM having been exported to Japan. Many of the measures to prevent a reoccurrence have been previously issued, so it is extremely unclear whether the report will lead to an early resumption of imports or not.

By Eiji Hirose and Tetsuya Watanabe in Washington

USDA has public released a report of a thorough investigation into the cause of the incident that led to Japan's ban on imports of US beef on Jan. 20. It also contains a list of measures to prevent a reoccurrence. The report was made based on the judgment

that a full investigation was needed in order to regain the trust of the Japanese consumer, which was lost when a beef violation was discovered only a month after imports had been restarted. Ambassador to the US Thomas Schieffer in a press conference at the US Embassy on the evening of the 17th expressed confidence in the contents, saying: "The report has a high level of clarity, and it includes details about how the incident occurred, as well as various steps to prevent a reoccurrence. I think it will be able to put the fears of the Japanese consumers at rest to some extent."

However, the report reveals that the New York meatpacker that exported to Japan and the supplier in Ohio of the beef both had shipped and exported miscellaneous meats that they had no licenses to send.

The licenses to ship and export meat (to Japan) held by the companies have been revoked, and USDA considers this action as an evidence of a measure preventing a reoccurrence. Included in the measures to prevent a reoccurrence is a review of the procedures used by inspectors and their retraining. But such steps as spot checks at meat processing facilities by USDA have already been announced and lack freshness.

It was revealed on the 16th that a USDA-approved quality control program had committed a violation, and a meat processing facility in Nebraska lost its license to export to Japan. This action, too, has further heightened distrust in Japan of the US system.

While this has been going on, voices are being raised in the US, such as Senator Max Baucus saying, "It was a miss by only one company, so to ban all imports of US beef was an overreaction." The report, it can be said, overlooks the differences in perceptions of the problem between Japan and the US, and as such it lacks persuasiveness to push for a resumption of imports.

Agriculture Minister Nakagawa, on hearing Ambassador Schieffer's outline of the report on the 17th, stated: "We must first read (the report) carefully, and then explain it to the nation. We

TOKYO 00000882 008 OF 018

have no intention of hastily (resuming imports)."

11) US report on beef issue: Pressure seeking resumption of imports inevitable, but government sandwiched between US and domestic opinion

ASAHI (Page 2) (Excerpts)
February 18, 2004

With the presentation of a report giving the cause of the inclusion of backbones in a beef shipment to Japan and listing measures to prevent a reoccurrence, the US government now is certain to increase pressure on Japan to resume beef imports quickly. Thinking in the Japanese government now is to carefully set the timing for removal of the ban, while gauging public opinion that remains cautious about restarting such imports and foreign pressure (gaiatsu) for quick action.

On the evening of Feb. 17, immediately after the report was issued, US Ambassador to Japan Schieffer visited Agriculture Minister Nakagawa to explain the contents of the report. Minister Nakagawa after the meeting expressed this view; "The report is not something we can read in a day or two. We won't take any more time than necessary, but we will give it our careful consideration."

Regarding the report, Tokyo Medical University Professor Kiyotoshi Kaneko, deputy chair of the prion experts panel of the Food Safety Commission was critical: "All they did was explain the problem of what they would do next and indicate their policy measures from now on. But there is no proof as to how much they will improve the system qualitatively." He went on: "If the US properly responds, a feeling of assurance would be transmitted, but if they neglect to do so, there will probably be a chain of negative reactions, prolonging the situation."

12) Government plans to make full detailed inspection of US meat processing

NIHON KEIZAI (Page 1) (Full)
Evening, February 18, 2006

Having received the US Department of Agriculture's (USDA) investigative report on the BSE issue, the Japanese government today started a full-scale analysis of its contents and discussion of response measures. A source in the government said, "The point is whether the incident of backbones having been included in the shipment was structural problem in the US meat processing system." The government will now severely scrutinize to ascertain if the mistake by Atlantic Veal Co. was an exception or a structural problem endemic to the US inspection system. If there is a strong sense of there being a structural problem, the path to resuming beef imports will be even more difficult.

The same afternoon, relevant ministries including agriculture, health, and foreign affairs convened a meeting to discuss response measures. In the report, the US characterized the incident of mixing backbones into the shipment as a special problem at one facility. It did not see the other processing facilities as having problems. However, USDA on Feb. 14 had a meat processing facility in Nebraska with a license to ship to Japan removed from the authorized list over a procedural issue.

TOKYO 00000882 009 OF 018

Some officials have expressed distrust, with one health and labor ministry official saying, "The example can only create more distrust (toward the entire safety-ensuring process)." The government now plans to carefully investigate all meat-processing facilities in the US to see whether any have problems.

The reason why the US rapidly drafted and presented the report at an early stage reflects its intent to have the problem resolved quickly and an agreement cobbled together to resume imports. However, the Japanese government, as seen in this remark by Agriculture Minister Nakagawa. "has no intention of hastily responding to the US." An official in the Agriculture Ministry pointed out, "The problem is that the US in presenting the report thinks that imports can be resumed right away." So already there is a perception gap growing between Japan and the US.

13) Koizumi: Immediately resuming US beef imports "quite difficult"; Agriculture Minister Nakagawa: US report "insufficient"

MAINICHI (Page 1) (Full)
February 21, 2006

Prime Minister Junichiro Koizumi told reporters at the Prime Minister's Official Residence (Kantei) last evening that "it will be quite difficult" for Japan to lift its import ban on US beef quickly, citing a "perception gap between Japan and the US over food safety." Agriculture, Forestry, and Fisheries Minister Shoichi Nakagawa also said that the report compiled by the US Agriculture Department on the issue of meat with vertebral material found in a shipment to Japan "is insufficient for Japan (in content). By submitting the report, the US is urging Japan to swiftly resume imports, but the Japanese government's stance is to take time to obtain understanding from Japanese consumers."

Nakagawa briefed Koizumi on the contents of the US report at the Kantei yesterday afternoon. Later, Nakagawa told reporters: "There are many question marks in the report," implying that Japan would ask the US to provide additional explanations. Koizumi instructed Nakagawa to "cooperate with relevant cabinet ministers in deciding on Japan's response."

The report pointed out that the responsible inspector from the Agriculture Department was unaware of the requirement of removing vertebral material but regarded the case as "exceptional." Citing this point, some government officials have said that it is irrational to blame one company for the violation case, adding

that Nakagawa supposedly had this in mind when he called the report "insufficient" but stopped short of explaining why. Nakagawa also indicated that it would take several days to complete the government's examination of the report.

14) Prime Minister cautious about resumption of US beef imports, giving consideration to public opinion

YOMIURI (Page 2) (Excerpts)
February 21, 2006

Meeting with Agriculture, Forestry, and Fisheries Minister Nakagawa and Chief Cabinet Secretary Abe over a resumption of US beef imports yesterday, Prime Minister Koizumi said that he would closely look into the measures worked out by Washington to

TOKYO 00000882 010 OF 018

prevent a recurrence of Beef Export Verification (BEV) violations. The prime minister's stance reflects his consideration of domestic public opinion giving priority to the safety of food. Now that the beef embargo is likely to be protracted, some government officials are expressing apprehension about the negative effect of the measure on Japan-US relations.

In the meeting yesterday, the prime minister instructed Nakagawa and Abe to examine the contents of the US report on measures to prevent BEV violations. After the meeting, Koizumi stressed the need to look into the details of the report before determining what response Japan should make.

The prime minister is keeping in mind Japanese consumers' deep-rooted distrust in the safety of US beef. And with the discovery of meat with vertebral material in a shipment immediately after Japan finally resumed imports after a lengthy debate, the prime minister apparently takes the view that it is premature to discuss with the US conditions for resuming imports.

Even among ruling party members, some are of the opinion that if the government takes a lenient response to the US over this issue, the opposition camp might take advantage of this in attacking the ruling camp in Diet deliberations. They feel that Japan should not resume US beef imports at least until late March, when arrangements are expected to be made for the fiscal 2006 budget bill to pass in the Diet.

After making inquiries to Washington about questionable points in the report, Tokyo intends to send a survey mission to the US and inspect the state of how the US preventive measures have been implemented. A senior Foreign Ministry official said yesterday: "We will take steps to find the cause of the violation from expert and technical perspectives and prevent a recurrence in an effort to win public understanding. It is still a long way before we will make a political decision on resuming imports."

15) Hatoyama: US beef imports must be prevented

YOMIURI (Page 4) (Full)
February 21, 2006

Minshuto (Democratic Party of Japan) Secretary General Yukio Hatoyama made the following comment on the question of US beef imports at a meeting held in Shizuoka City yesterday:

"Minshuto also sent (a fact-finding team to the United States). In the US, meat-and-bone meal, a cause of BSE, is still being indirectly used for livestock. Given the situation, we must prevent US beef from entering Japan at all costs."

16) Abe denies alleged order by Japanese trader for beef with vertebral material, reiterates need to closely examine US report

YOMIURI (Page 6) (Full)
Evening, Feb. 20, 2006

In reference to the issue of vertebral material found in a veal shipment to Japan, Chief Cabinet Secretary Abe said in a press

briefing today: "We need to closely examine the report (compiled by) the US Agriculture Department (on its probe into the issue), and we will ask for a further explanation if there are

TOKYO 00000882 011 OF 018

insufficient parts." Agriculture, Forestry, and Fisheries Minister Nakagawa will brief Prime Minister Koizumi on the contents of the report this afternoon.

It has been disclosed that Nihon Siber-Hegner K.K., a foreign-financed trading house based in Tokyo, had ordered beef with vertebral material, which led to Japan's second ban on US beef imports.

According to the Agriculture Ministry, although the said company placed an order with Atlantic Veal and Lamb, a meatpacker in New York, on Dec. 27 of last year for more than 40 boxes of beef, including veal, meat with bone, tongues, and the like. It had ordered the so-called hotel racks, which area ribs, and not specified risk materials.

17) Tokyo Shimbun survey of US senators about Japan's beef import ban: "If the ban becomes protracted, retaliatory action will be an option," "Japan's measure is wrong"

TOKYO SHIMBUN (Top Play) (Full)
February 21, 2006

Japan has placed a second ban on US beef imports in the wake of the finding of specified risk materials (SRM) in US beef shipment to Japan. The Tokyo Shimbun yesterday compiled the results of a survey that targeted 100 US senators to find out their views on the beef issue. Many respondents noted that the responsibility for the inclusion of SRM rested with the US side, such as the Department of Agriculture (USDA), but the prevalent view was that the ban on US beef imports by Japan was wrong. A majority of the respondents said that US retaliatory action would be one option if the ban becomes protracted.

The survey was conducted from Feb. 7 through 15, and queried the senators in writing and by phone on five items: (1) the propriety of the second ban on US beef imports by Japan; (2) the locus of the responsibility; (3) a timeline to resume beef trade; (4) possible measures in the event of the ban becoming protracted; and (5) a possible impact of the ban on Japan-US relations. Thirty-one senators, including those who only made comments on the issue, replied to the questionnaires. No reply came from 20. As a reason for not being able to reply to the questionnaires, the remaining 49 cited, "It is a key diplomatic issue," "I support the government's position," or "There is no livestock industry (in my constituency)."

To a question about the propriety of the reimposition of the embargo, 11 replied, in the of US Congress, which takes the view that US beef is safe and that Japan is overreacting to the issue.

As to the inclusion of SRM, 15 out of 18, who replied to this question, admitted that the responsibility rested with the US side. Six said that the USDA was responsible, five cited meat-processing facilities and the USDE and four cited meat-processing facilities.

To a question about a timeline for restarting beef trade, 19 out of 20 respondents said, "As soon as possible."

As a possible measure in the event of the ban becoming protracted, seven out of 13, who responded to this question,

TOKYO 00000882 012 OF 018

cited, "Economic sanctions." One noted that the filing of a complaint with the World Trade Organization (WTO) should be looked into. Thus eight senators hinted at some form of sanctions against Japan, attaching a hard-line comment that they would not let Japan prolong the ban.

18) US report on inclusion of SRM in US beef shipment points out failure to make export conditions known; Lack of communication in both government, private sector

MAINICHI (Page 11) (Full)
February 21, 2006

The Department of Agriculture (USDA) has issued a report on the inclusion of specified risk materials (SRM) in a US beef shipment to Japan. The report noted that one reason was that the USDA and meatpackers did not have a far-reaching system to ensure that guidelines for beef exports to Japan be known. The report has brought out into the open the sloppiness of the checking system in the US.

According to the report, the Ohio-based slaughterhouse that processed the carcass in question belonged to the same corporate group as the meat-processing plant in New York that applied for a license to export beef products to Japan to the USDA on Dec. 15 last year. The USDA bureau responsible for export guidelines explained to it that backbones should be removed from Japan-bound products. However, the slaughterhouse shipped beef with backbones, and the processing plant in New York did not notice it, either. The person in charge of the shipment at the slaughterhouse said, "I was not fully aware of export guidelines," a comment that revealed that the guidelines were not well known.

A USDA inspector and a veterinarian were stationed at the processing plant. The inspector authorized the export of the products in question just by carrying out an external inspection, such as whether the number of boxes matched that of the export application form. The veterinarian said: "I was not aware of the export conditions. There was a lack of communication between the USDA bureau to which I belong and the bureau in charge of export conditions." Thus, it also became clear that the USDA's vertically divided system has led to violations being overlooked.

19) US sailor from Kitty Hawk arrested during curfew hours in Yokohama on suspicion of fraud after fleeing taxi without paying

MAINICHI (Page 31) (Full)
February 20, 2006

The police in Kaga-cho on Feb. 19 arrested on the spot US seaman first class Abdul-Rahman Erick (TN: phonetic) (22), who is assigned to the US carrier Kitty Hawk, for failure to pay a taxi cab fare from the city of Yokosuka in Kanagawa Prefecture to Yokohama City. According to the police investigation, the suspect accompanies by another foreign male, about 1:35 am that morning, boarded a taxi at Shioire-cho in Yokosuka City near the US Navy base and ordered the driver to head toward Chuo-ku in Yokohama City. The suspect is charged with running off with without paying the cab fare of 13,800 yen, for when the taxi stopped at the Yamashita-cho crossing near their destination, the suspect suddenly opened the door himself and ran off.

TOKYO 00000882 013 OF 018

Since the robbery-murder incident by a sailor in January, the US Navy Command in Japan has forbidden the drinking of alcoholic beverages between 11:00 pm (1:00 am on weekends) and 6:00 the next morning. Seaman assigned to the carrier and Aegis ships are forbidden from leaving the base late at night except to return home or permission to visit a friend. The police is investigating to see whether the incident involved a curfew violation.

20) US sailor arrested by Yokosuka police for beating and injuring sales clerk

MAINICHI (Page 31) (Full)
February 20, 2006

The Yokosuka Police Department in Kanagawa Prefecture arrested at the scene Harris Watkins (phonetic), a seaman first class

assigned to the US Navy Base at Yokosuka on the charge of committing bodily injury. According to the police investigation, the suspect went to a game center in Motomachi close to the base a little past 4:00 pm on Feb. 19. Becoming angry when he lost an electronic war game, the suspect began to beat a male store clerk (29). He was charged with inflicting injuries on the clerk requiring approximately 10 days (of medical treatment).

The police arrested the seaman after receiving a call from the store. The suspect reportedly worked on the base premises, and he had not been drinking.

21) Government to sound out US on loan formula to pay for cost of relocating US Marines from Okinawa to Guam

NIHON KEIZAI (Page 2) (Full)
February 19, 2006

On the question of how in the world to pay for a portion of the cost of relocating to Guam US Marines now stationed in Okinawa, the government will sound out the United States regarding adopting a loan formula that would allow repayment of the expenditures in the future. In order to obtain the understanding of Japanese citizens toward the appropriation of fiscal expenditures for facilities outside of Japan that are not covered under the Japan-US Status of Forces Agreement (SOFA), the judgment has been made that Japan's share of the burden would need to be constrained. Since the reduction would come in the unusual form of the US borrowing money from Japan, it is unclear whether the US would agree or not. The suggestion is likely to become subject to major debate between the two governments.

As a link in the US force realignment chain, the US has promised to relocate 7,000 Marines from Okinawa. Of that number, 6,000 would be moved to Guam. The US has presented an estimate of approximate 7.6 billion dollars (approximately 900 billion yen) in costs. The cost of constructing housing and other facilities for families would run approximately 4.7 billion dollars (approximately 560 billion yen), and the headquarters and health facility would cost another 2.6 billion dollars (approximately 310 billion yen).

The government will announce a set amount of fiscal assistance "leading to the reduction of Okinawa's burden, but the portion of both countries shared burden was not boiled down in senior

TOKYO 00000882 014 OF 018

working-level talks that were held in Tokyo on Feb. 18. There will be working-level talks in Hawaii on Feb. 21, but the US side apparently will seek Japan to assume a share above 50%.

22) GSDF in Iraq: Government proposal to leave personnel behind in Baghdad for liaison and coordination after troops withdrawn

YOMIURI (Page 1) (Full)
February 20, 2006

A plan is being floated in the government to leave some Ground Self-Defense Force (GSDF) personnel in Baghdad, Iraq, for liaison and coordination with the multinational force after the main GSDF troops now carrying out reconstruction assistance in Samawah in southern Iraq are withdrawn. The US has asked that some personnel be left behind in order to make it easy to gather information in case fiscal reconstruction assistance is carried out. The plan is to make a final decision on this when the GSDF begin to pull out, possibly at the end of March. The government even after the GSDF are pulled out from Samawah, plans to continue a contribution to Iraq's reconstruction through official development assistance (ODA) or yen loans.

Although coordination with other countries will be carried out by the Foreign Ministry mainly, from the perspective of "coordination with the military of other countries, the GSDF would be more appropriate in that case," noted a senior government official. The plan being considered is to dispatch several officers, including field officer class, to the

multinational force command in Baghdad. In that case, the basic plan of the special measures law for Iraq reconstruction assistance would have to be changed.

In connection with the Iraq withdrawal, the US has asked the GSDF to dispatch personnel to serve on a PRT (provincial reconstruction team) that has as its aim the improvement of the capability of local Iraqi government's control and public security capabilities. The government has transmitted that it does not intend to participate in a PRT, but in case there needs to be fiscal support for a PRT, there is seen to be a possibility of smooth coordination on Japan's part. After the GSDF withdraws, the government plans to continue to have the Air Self-Defense Force stay behind and continue air cargo transport for the multinational force. The US request of Japan to let the GSDF remain in some form in Iraq is seen, according to a government source, as "having symbolic meaning" that priority is being given to the Japan-US alliance.

23) China's Standing Committee member again criticizes Prime Minister Koizumi's Yasukuni Shrine visits, expressing hopes for post-Koizumi leader

NIHON KEIZAI (Page 2) (Full)
February 21, 2006

Hiroshi Yomo, Beijing

Hidenao Nakagawa, chair of the ruling Liberal Democratic Party's (LDP) Policy Research Council, yesterday met with the Chinese Communist Party's Political Bureau Standing Committee member Li Zhangchun at the Great Hall of the People in Beijing. Li criticized Prime Minister Junichiro Koizumi's continued visits to

TOKYO 00000882 015 OF 018

Yasukuni Shrine: "The two nations have faced the most serious difficulty since the normalization of diplomatic ties, and (the shrine issue) has been affecting various areas." "We don't think this difficulty would last long. It's important for Japanese leaders to come up with sincerity and action," Li added, indicating the hope for a policy switch under the next administration after Koizumi.

Nakagawa stressed, "(Such visits) are not something to destroy the political base of Japan and China," adding, "Dialogue needs to continue." He then called on China to work together to realize a Japan-China summit meeting that has not occurred since last April, as well as to conduct joint research on the history issue.

Li made mention of five assertions presented by President Hu Jintao, and accused Japan: "No positive reaction has come from Japan." "If the Yasukuni issue were handled properly, the current impasse would be broken," he continued. Nakagawa explained about Koizumi's shrine visits in this way: "The Prime Minister has made it clear that his shrine visit is a private one. So it's incorrect to think he visits the shrine to pay homage to Class-A war criminals."

24) Iranian nuclear development: Tokyo intends to urge Tehran to accept Russia's proposal in effort to avoid sanctions

ASAHI (Page 1) (Full)
February 21, 2006

By Shuki Yamashita

In an effort to resolve the Iran nuclear development issue, the government yesterday decided to urge Iran to accept Russia's proposal to transfer the location of uranium enrichment activity from Iran to Russia. Given its oil exploration rights in Iran's Azadegan oil field, Japan wants to somehow avoid a major confrontation with that country, such as economic sanctions. Prime Minister Junichiro Koizumi and Foreign Minister Taro Aso intend to urge Iranian Foreign Minister Mottaki, who is slated to come to Japan on Feb. 27, to concede.

In an emergency board meeting early this month of the International Atomic Energy Agency (IAEA), the government endorsed a resolution to refer the Iranian nuclear issue to the United Nations Security Council (UNSC). Meanwhile, Japan has repeated its call for Iran to halt its nuclear activities. However, Iran has hardened its attitude, following the submission of the resolution to the UNSC. In fact, Iran restarted its uranium enrichment activity. If discussion begins in the UNSC, it is highly likely that calls for sanctions on Iran will gain momentum. To avoid that, Japan thinks a pragmatic compromise at this point would be for Iran to accept Russia's proposal.

According to the Russian proposal, Iran is allowed to use nuclear energy for peaceful purposes, but in order to prevent proliferation of nuclear-related technology, Iran would be required to transfer the location of its uranium enrichment activity to Russia. In this regard, Foreign Minister Aso will today meet with visiting German Foreign Minister Steinmeier, and tomorrow the Foreign Ministry's (MOFA) Disarmament, Non-Proliferation, and Science Department's Deputy Director-General Takeshi Nakane will exchange views with Russian officials in

TOKYO 00000882 016 OF 018

Moscow. Deputy Director-General Tsuneo Nishida of MOFA will on the same day meet with IAEA Director General ElBaradei in Vienna. Japan is thus planning to set a net to encircle Iran to pressure it to accept the Russia proposal.

25) Poll: Cabinet support rate drops to 43%; 71% say social divide has widened

ASAHI (Page 1) (Full)
February 21, 2006

According to a (telephone-based) nationwide opinion poll the Asahi Shimbun conducted on Feb. 18-19, the approval rate for the cabinet of Prime Minister Junichiro Koizumi was 43%, a drop from 45% of the result of January's survey, while the disapproval rate was 41%, an increase from the previous month's 37%. A majority of those who thought social disparity had widened said that the widening social gap is related to the prime minister's policies. They seemed to be expressing their unhappiness with Koizumi's political moves.

At the poll conducted immediately after last year's September election, the support rate for the Koizumi Cabinet was 55%. However, support ratings for the cabinet have continued to decline since November. Separating the responses by age, the disapproval rate of those who are in their forties through sixties exceeded the approval rate.

Of the respondents, 71% said that they felt that the income disparity has widened. Of the 71%, 49% (35% of the whole respondents) said that the widening social gap is "related to" the prime minister's policies. Twenty-four percent of them supported the Koizumi Cabinet, while 66% did not support the policies.

Koizumi has moved ahead with a policy of creating "small government," under which he has tried to allow private sector companies to take over public services. Toward a question that do you want the next prime minister to continue the same policy, 28% said that the policy should be continued, 47% replied that the policy line is good but the way of carrying out the policy should be reviewed, and 14% said that the policy line should be changed.

Regarding a question about Koizumi's responses to the Livedoor scandal and the issue of US beef imports; 60% did "not appreciate," while only 22% "highly valued" them.

26) Prime Minister Koizumi rejects poll showing that his policy has widened social divide

ASAHI (Page 2) (Full)
February 21, 2006

Commenting on the results of a poll conducted by the Asahi Shimbun that revealed more than 70% of respondents said that they felt social disparities while a majority attributed this to his policies, Prime Minister Junichiro Koizumi yesterday told reporters: "I think people are being too quick to link them. That's simplistic thinking."

He stated at a Diet session in January, "There is not that much of a social divide in Japan." He, however, stated yesterday:

TOKYO 00000882 017 OF 018

"There is a social divide in any country at any time. A social divide is not necessarily bad thing." He stressed that there was no problem with social disparity.

Chief Cabinet Secretary Shinzo Abe stated last night: "If an income disparity is the result of one's efforts, many people take it to be positive."

New Komeito Diet Affairs Committee Chairman Junji Higashi, however, made this comment: "A safety net is needed for implementing structural reform. The poll is a reflection of this view of the public." Minshuto (Democratic Party of Japan) Secretary General Yukio Hatoyama remarked: "The prime minister

SIPDIS
has stressed that (there is no social divide in Japan). But the people who say that there is a widening social gap are right."

27) E-mail allegation: Discord visible in Minshuto, with one member saying, "The party must disclose more information"

YOMIURI (Page 4) (Full)
February 21, 2006

The main opposition Minshuto (Democratic Party of Japan) continued to dig its heels in against the ruling coalition yesterday, demanding the Diet exercise its authority to invoke special investigative powers to verify the authenticity of a controversial e-mail allegedly sent by former Livedoor Co. President Takafumi Horie instructing his company to send money (to the second son of Liberal Democratic Party Secretary General Tsutomu Takebe). But some Minshuto members have raised questions

SIPDIS
about the party leadership's decision not to disclose further information, such as the bank account in question. Discord is now visible in Minshuto.

Speaking to the press in Tsu City yesterday, Minshuto President Seiji Maehara emphatically said:

"I am confident that (the information) is highly credible. As party president, there is every reason for me to put full trust in the effort being made by our colleagues."

Maehara also made it clear that the ultimate responsibility lies with him.

A senior Minshuto Diet Affairs Committee member noted with confidence, "We have obtained the name of the bank from which the money was sent, the name of the account, and the account number. Only a handful of people know them because the account is secret." But another senior Minshuto lawmaker complained about

SIPDIS
the party's reluctance to reveal detailed information, saying, "Unless the Diet exercises its special investigative powers, how can we prove the allegation?"

Diet Affairs Committee Chairman Noda in a press conference yesterday indicated that the party has been trying to persuade the informant to reveal more information. At the same time, Noda exhibited a cautious stance, saying, "If the party fails to protect the informant, we will not be able to obtain additional information."

Former Minshuto Diet Affairs Committee Chairman Yoshio Hachiro held a press conference in Sapporo yesterday, in which he posed

TOKYO 00000882 018 OF 018

questions about the party leadership's stance, noting, "As the party that has revealed the e-mail, Minshuto is responsible for presenting additional objective evidence to the public."

"It was a mistake to confront the LDP based on information of that level," a mid-level Minshuto member said in a critical tone.

In his party head debate with Prime Minister Koizumi tomorrow, Maehara is considering obtaining assurances from the premier that he will allow the Diet to exercise its investigative authority. Both weak and bullish tones intermingle in Minshuto, with one member saying, "If there is nothing more to it even after national investigative powers are exercised, Minshuto's image will be gravely damaged. But we should take our chances on it."

28) Takebe: Disclosing bank account will settle everything

YOMIURI (Page 4) (Excerpts)
February 21, 2006

Holding a press conference after a party executive meeting yesterday, Liberal Democratic Party Secretary General Tsutomu Takebe reiterated that Minshuto (Democratic Party of Japan) should disclose the bank account in question with the opposition party's insistence on protecting the informant in mind, saying, "There is no need to disclose the name (of the informant). Things will be settled with the disclosure of the account number." Takebe also said of a call for exercising the Diet's investigative powers, "Investigative powers must be exercised as necessary, but everything will be settled with the disclosure of additional information, such as the bank account."

New Komeito Diet Affairs Committee Chairman Junji Higashi also indicated in his talks with LDP counterpart Hiroyuki Hosoda that they should deal with the matter cautiously, saying, "We should not set a bad example by abusing the Diet's investigative powers."

SCHIEFFER